

IN THE MATTER OF:

WILLIAM W. BRUNER, IV,

Respondent.

BEFORE THE MARYLAND

COMMISSIONER OF

FINANCIAL REGULATION

Case No.: DFR-FY2010-148

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**FINAL ORDER TO CEASE AND DESIST**

**WHEREAS**, the Commissioner of Financial Regulation (the “Commissioner”) conducted an investigation into the mortgage loan originating activities of William W. Bruner, IV (the “Respondent”); and

**WHEREAS**, as a result of that investigation, the Deputy Commissioner of Financial Regulation (the “Deputy Commissioner”) found evidence to support that Respondent has engaged in acts or practices constituting a violation of a law, regulation, rule or order over which the Commissioner has jurisdiction, namely that Respondent has violated various provisions of the Annotated Code of Maryland, including Financial Institutions Article (“FI”), Title 11, Subtitle 6, (the Maryland Mortgage Originators Law, hereafter “MMOL”), and that Respondent has also violated Code of Maryland Regulations (“COMAR”) 09.03.09.04; and

**WHEREAS**, the Deputy Commissioner issued a Summary Order to Cease and Desist and Order to Produce (the “Summary Order”) against Respondent on March 29, 2010, after determining that Respondent was in violation of the aforementioned provisions of Maryland law, and that it was in the public interest that Respondent immediately cease

and desist from originating, brokering, lending, mitigating, or engaging in any other activities involving Maryland mortgage loans or otherwise pertaining to the mortgage industry in Maryland; and

**WHEREAS**, the Summary Order notified Respondent of, among other things, the following: that Respondent was entitled to a hearing before the Commissioner to determine whether the Summary Order should be vacated, modified, or entered as a final order of the Commissioner; that the Summary Order would be entered as a final order if Respondent did not request a hearing within thirty (30) days of the receipt of the Summary Order; and that as a result of a hearing, or of Respondent's failure to request a hearing, the Commissioner may, in the Commissioner's discretion and in addition to taking any other action authorized by law, enter an order making the Summary Order final, issue penalty orders against Respondent, issue orders requiring Respondent to pay restitution and other money to consumers, as well as take other actions related to Respondent's business activities; and

**WHEREAS**, the Summary Order was properly served on Respondent via First Class U.S. Mail and Certified U.S. Mail; and

**WHEREAS**, Respondent failed to request a hearing on the Summary Order within the thirty (30) day period set forth in the Summary Order, and as provided for and in compliance with FI § 2-115(a)(2), and has not filed a request for a hearing as of the date of this Final Order to Cease and Desist (this "Final Order"); and

**WHEREAS**, the Commissioner has based her decision in this Final Order on the following:

1. Relevant and credible evidence regarding Respondent obtained pursuant to the Commissioner's investigation, including: communications between Respondent and the

Commissioner; Respondent's standard documents for providing loan origination and mortgage brokering services related to Maryland residential real estate; statements by a Maryland consumer who had entered into a loan origination and mortgage brokering service agreement with Respondent in which Respondent engaged in a scheme involving both fraud and the dishonest and illegal conversion of property (*i.e., stealing*); and the Commissioner's licensing records. More particularly, this evidence supports the following findings:

a. William W. Bruner, IV, of Arlington, Virginia, engaged in mortgage-related business activities in the State of Maryland involving Maryland residential real estate.

b. More specifically, Respondent engaged in mortgage origination and mortgage brokering activities in perpetration of a mortgage fraud scheme which involved the following:

i. That the Respondent is the owner, president, and chief executive officer of IV Enterprises, LLC, an unregistered business entity in the state of Maryland and the alter ego of the Respondent;

ii. That Respondent, through his alter ego business entity, IV Enterprises, LLC, advertised to [REDACTED] ("Consumer A") his ability to originate and broker mortgage loans;

iii. That in approximately September 2009, Consumer A entered into an agreement with the Respondent and his alter ego business entity, IV Enterprises, LLC, to obtain a mortgage loan to purchase residential real estate in Baltimore, Maryland;

iv. That Consumer A, at the direction of the Respondent, completed a loan application for a business entity named Hard Money Bankers, LLC, and turned the application over to the Respondent;

v. That, subsequent to the submission of the loan application, the Respondent informed Consumer A that he was approved for the loan and that Consumer A was required to provide a \$5,000 deposit to be applied towards closing costs. Consumer A gave the Respondent a check made payable to IV Enterprises, LLC, for the amount of \$5,000, which the Respondent then cashed;

vi. That Respondent never submitted Consumer A's loan application to any lender, nor did he ever provide any of the loan origination and/or mortgage brokering services for which he had contracted to provide to Consumer A;

vii. That Respondent ceased all communications with Consumer A after receiving the \$5,000 deposit and has refused to refund such deposit; and

viii. That Respondent's activities discussed above constituted both a fraud upon Consumer A and the dishonest and illegal conversion of Consumer A's deposit, and that this was conducted through a mortgage fraud scheme.

2. The determination that Respondent acted as a mortgage loan originator without being duly licensed. Respondent's activity included advertising and contracting with Consumer A to perform mortgage loan origination and brokering services, and by taking Consumer A's loan application. The MMOL defines "mortgage loan originator" at FI § 11-601(q); this provision provides, in part, as follows:

- (1) "Mortgage loan originator" means an individual who for compensation or gain, or in the expectation of compensation or gain:
  - (i) Takes a loan application; or

(ii) Offers or negotiates terms of a mortgage loan.

3. According to the Commissioner's records, at no time relevant to the facts set forth in the Summary Order of March 29, 2010, or in this Final Order, has Respondent, or his alter ego business entity, IV Enterprises, LLC, been duly licensed under either Title 11, Subtitle 5 or Subtitle 6 of the Financial Institutions Article. It is a violation of the MMOL to engage in unlicensed mortgage origination activity. FI § 11-602(b); *see also* FI § 11-603(b) (for a "licensee to act as a mortgage loan originator," he/she must be, "acting within the scope of employment with . . . (1) [a] mortgage lender . . . or (2) [a] person who is exempt from licensing as a mortgage lender").

4. The determination that Respondent committed mortgage fraud. Mortgage fraud is defined under Maryland law as including "[k]nowingly making any deliberate misstatement, misrepresentation, or omission during the mortgage lending process with the intent that the misstatement, misrepresentation, or omission be relied on by a . . . borrower." Md. Code Ann., Real Prop. ("RP") § 7-401(d); *see also* RP § 7-402 (prohibiting mortgage fraud). Mortgage fraud is a violation of the MMOL. *See* FI § 11-615(a)(3) (permitting the Commissioner to suspend or revoke a license where a licensee "in connection with any mortgage loan or loan transaction application transaction . . . (i) Commits any fraud, (ii) Engages in any illegal or dishonest activities, or (iii) Misrepresents or fails to disclose any material facts to a person entitled to that information."); *see also* FI § 11-615(c) (permitting the Commissioner to enforce the MMOL and regulations adopted thereunder by imposing sanctions including an order to: (i) cease and desist, (ii) take affirmative action to correct a violation, and (iii) impose a civil penalty not to exceed \$5000.). Respondent committed mortgage fraud by misstating and misrepresenting to Consumer A that Respondent could

and would arrange a mortgage loan for Consumer A, and that in fact Consumer A had been approved for a loan. Respondent omitted the material fact that Respondent took no action to arrange a mortgage loan and that Consumer A was not approved for a loan.” Respondent intended that Consumer A rely on these misstatements, misrepresentations, and omissions as evidenced by the fact that Respondent took \$5,000 from Consumer A for the supposed closing-cost deposit which he then refused to return.

5. The determination that Respondent committed a dishonest and illegal activity by converting Consumer A’s funds to his own use by receiving and then refusing to return to Consumer A the supposed closing-cost deposit of \$5,000 obtained through fraudulent means. This dishonest and illegal activity in connection with a mortgage transaction is a violation of the MMOL. FI § 11-615(a)(3); FI § 11-615(c).

6. The determination that Respondent breached his duty of good faith and fair dealing to Consumer A by perpetrating mortgage fraud against him and stealing the \$5,000 closing-cost deposit. This duty is set forth in COMAR 09.03.09.04A which was promulgated by the Commissioner pursuant to FI § 11-602. Respondent’s violation of COMAR 09.03.09.04A constitutes a violation of the MMOL. FI § 11-615(c).

7. The determination that Respondent failed to comply with the Summary Order requirement that he produce specific information and certain documents. FI §§ 2-114(a) and (b) set forth the Commissioner’s general authority to order the production of information, as well as documents and records, while investigating potential violations of laws, regulations, rules, and orders over which the Commissioner has jurisdiction (which is in addition to the Commissioner’s specific investigatory authority set forth in various other Maryland statutes and regulations). Thus, for example, FI § 2-114(a)(2) provides that the Commissioner may

“[r]equire ... a person to file a statement in writing, under oath or otherwise as the Commissioner determines, as to all the facts and circumstances concerning the matter to be investigated.” Further, pursuant to FI § 2-114(b), “the Commissioner or an officer designated by the Commissioner may,” among other things, “take evidence, and require the production of books, papers, correspondence, memoranda, and agreements, or other documents or records which the Commissioner considers relevant or material to the inquiry.”

7. Pursuant to the Commissioner’s authority to conduct investigations under FI § 2-114, as part of the Summary Order the Deputy Commissioner ordered Respondent to produce specific information and all documents related to his mortgage loan origination and/or mortgage brokering services involving Maryland residential real property within 15 days after receipt of the Summary Order. However, Respondent failed to provide the required information and documents by that date, and in fact has not provided the documents and information as of the date of this Final Order. Therefore, by failing to fully comply with the Summary Order, Respondent is in violation of FI § 2-114.

**NOW, THEREFORE**, having determined that Respondent waived his right to a hearing in this matter by failing to request a hearing within the time period specified in the Summary Order, and pursuant FI § 11-615(c) and FI § 2-115(b), it is by the Maryland Commissioner of Financial Regulation, hereby

**ORDERED** that the Summary Order to Cease and Desist and Order to Produce issued by the Deputy Commissioner against Respondent on March 29, 2010, is entered as a final order of the Commissioner as modified herein, and that Respondent shall permanently **CEASE** and **DESIST** from engaging in any of the following: any and all activities which

constitute a mortgage lending business as defined in FI § 11-501(k), including acting as a mortgage broker as defined under FI § 11-501(i) or as a mortgage lender as defined under FI § 11-501(j); acting as a mortgage originator as defined in FI § 11-601(q); or in any other way acting as a mortgage lender, broker, or originator in the State of Maryland or with Maryland residents, either by acting directly, or by acting indirectly through other individuals or business entities; and it is further

**ORDERED** that, pursuant to FI § 11-615(c) and FI § 2-115(b), and upon careful consideration of (i) the seriousness of the Respondent's violations; (ii) the lack of good faith of Respondent, and (iii) the deleterious effect of Respondent's violations on the public and the mortgage industry, Respondent shall pay to the Commissioner a total civil penalty in the amount of **ELEVEN THOUSAND DOLLARS (\$11,000)**, which consists of the following:

<i>Prohibited Activity and Violation</i>	<b>Civil Penalty per Violation</b>	<b>x Number of Violations</b>	<b>= Penalty</b>
<i>Unlicensed Activity in Violation of FI § 11-602(b)</i>	\$5,000	1 Violation	\$5,000
<i>Committing Mortgage Fraud and Dishonest and Illegal Conversion of Funds in Violation of FI §11-615(a)(3); COMAR 9.03.09.04A; and FI §11-615(c);</i>	\$5,000	1 Violation	\$5,000
<i>Failure to Comply with Summary Order in Violation of FI § 2-114</i>	\$1,000	1 Violation	\$1,000
		<b>TOTAL</b>	<b>\$11,000</b>



and it is further;

**ORDERED** that Respondent shall pay to the Commissioner, by cashier's or certified check made payable to the "Commissioner of Financial Regulation," the amount of \$11,000 within fifteen (15) days from the date of this Final Order; and it is further

**ORDERED** that, pursuant to FI § 11-615(c) and FI § 2-115(b), Respondent shall pay restitution to each Maryland consumer with whom Respondent entered into mortgage lending, brokering, and/or originating agreements; and thus Respondent shall pay restitution of \$5,000 to Consumer A with whom Respondent entered into a lending, brokering, and/or originating agreement, with the total amount of restitution equaling **FIVE THOUSAND DOLLARS (\$5,000)**; and it is further

**ORDERED** that Respondent shall pay the required restitution to Consumer A within 30 days of this Final Order being signed. Respondent shall make payment by mailing to Consumer A a check in the amount specified above via U.S. First Class Mail at the most recent addresses of Consumer A known to the Respondent. If the mailing of the payment is returned as undeliverable by the U.S. Postal Service, Respondent shall promptly notify the Commissioner in writing for further instruction as to the means of the making of said payment. Upon the making of the required payment, the Respondent shall furnish evidence of having made the payment to the Commissioner within fifteen (15) days, which evidence shall consist of a copy of the front and back of the cancelled check; and it is further

**ORDERED** that Respondent shall send all correspondence, notices, civil penalties and other required submissions to the Commissioner at the following address:

Commissioner of Financial Regulation, 500 North Calvert Street, Suite 402, Baltimore,  
Maryland 21202, Attn: Jessica Wiener, Paralegal.

May 20, 2010  
Date

Sarah Bloom Raskin  
Sarah Bloom Raskin  
Commissioner of Financial Regulation